



**MASSACHUSETTS REPUBLICAN PARTY**

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COMMISSION

2009 OCT -7 AM 2:16

OFFICE OF GENERAL  
COUNSEL

JENNIFER A. NASSOUR  
CHAIRMAN

October 2, 2009

MUR # 6216

Ms. Thomasenia Duncan  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Ms. Duncan:

I write to file a complaint against Massachusetts Attorney General Martha Coakley for a potential violation of Federal Election Law.

My full name and business address are as follows:

Nicholas L. Connors  
Massachusetts Republican Party  
85 Merrimac Street, Suite 400  
Boston, MA 02114-4725

The matter in question is whether Attorney General Coakley used her state campaign account to pay for exploratory U.S. Senate campaign expenses.

On September 2, 2009, the *Boston Herald* published a newspaper article entitled "Martha Coakley Used Campaign Cash on Fed Race Query." The story details how Attorney General Coakley "spent \$24,000 from her state campaign account on consultants in the past two months even though she faces no challengers for the 2010 attorney general race...Candidates for U.S. Senate can only use money collected by their federal campaigns toward federal races, according to elections law."

The *Boston Herald* article continues to cite: "Other consultants Coakley recently paid out of her state account include \$9,000 to 4C Partners, a Washington D.C. consulting company, and \$4,000 to Factotum, a Westford company headed by Democratic operative Gus Bickford."

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~~MEMO~~ # 6216

On September 3, 2009, the Massachusetts Republican Party filed a complaint with the Massachusetts Office of Campaign and Political Finance (OCPF.) The claim cited that according to 970 CMR 2.16, expenditures made to support state or local candidates must be made from the state account unless federal law and regulation preempt state rules. The Massachusetts Republican Party further stated that in this specific matter, federal law and regulations (see 11 CFR 100.24 and 11 CFR 106.7) govern the expenditures in question, preempt state law, and trigger the requirement that a federal account be used.

Massachusetts OCPF responded with the by phone to the MassGOP's September 3, 2009 complaint, and cited A.G. Coakley's compliance with state election laws per the attached memo M-84-01 on Massachusetts and Federal Candidate Committee Issues.

In more recent developments, on September 10, 2009 the *Associated Press* published an article entitled "Mass. A.G. Maneuvered for Year for Kennedy Race." The story outlines a "year's worth of activity charged to her [Attorney General Coakley's] state campaign committee" which "allowed the Democrat [Coakley] to cope with a prohibition against using state campaign donations for a federal race..."

The *Associated Press* article details a review of A.G. Coakley's campaign spending reports, and prompted by follow-up questions from the *Associated Press*, the "attorney general also revealed an asset sale agreement between her state and federal campaign committees." Per the same article, this "agreement" allowed A.G. Coakley to:

- Use her state campaign funds to buy a fundraising database
- Redesign her website
- Secure 37 variations of "marthacoakley.com"
- Purchase \$6,000 worth of yard signs, posters, buttons, lanyards and T-shirts emblazoned with her campaign logo

The *Associated Press* article continues to state that on September 3, 2009 (the day A.G. Coakley became the first candidate for Kennedy's seat) "the state committee sold the items to her new federal committee for \$35,725." The article also notes that the "signs and stickers were evident around the hotel ballroom where she [A.G. Coakley] made her announcement speech, and some of the 100 4-foot by 8-foot signs she bought ringed a two-block area around a Labor Day breakfast Coakley addressed. There was no such signage for potential rivals such as Reps. Michael Capuano and Edward J. Markey, both of whom also spoke at the breakfast but have yet to declare their candidacies."

In addition, the same *Associated Press* article cites the hire of several key individuals and consulting firms in order to produce a quick launch of A.G. Coakley's campaign for U.S. Senate:

- The hire of campaign manager Kevin Conroy on August 17, 2009 – eight days before Sen. Kennedy succumbed to brain cancer.
- The hire of spokeswoman Alex Zaroulis, who went on her state committee payroll on August 1, 2009.

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- The hire of Washington political consulting firm 4C Partners LLC, including \$716 worth of travel expenses of 4C worker Julia Hoffman.
- The hire of political consulting firm Liberty Square Group, who Coakely's state committee paid \$12,000 in June and August.

The consulting firms 4C Partners and Liberty Square Group are now fundraising for A.G. Coakley's senate campaign, according to the *Associated Press*. In addition, Conroy and Zaroulis have now moved to A.G. Coakley's new federal campaign committee, though they were "were hired to prepare for her [A.G. Coakley's] re-election campaign next year." Julia Hoffman "went on the campaign payroll at about \$4,000 per month last December," per the *Associated Press* article.

I formally request that the Federal Election Commission investigate whether Attorney General Coakley violated Federal Election Law, and used her state campaign account to pay for exploratory U.S. Senate campaign expenses, as federal law and regulations (see 11 CFR 100.24 and 11 CFR 106.7) govern the expenditures in question cited above, preempt state law, and trigger the requirement that a federal account be used. If Attorney General Coakley did violate Federal Election Law, I urge you to consider taking appropriate action.

I have attached the *Boston Herald* article and the *Associated Press* article to this communication, as well as Massachusetts OCPF memo M-84-01 on Massachusetts and Federal Candidate Committee Issues.

Sincerely,



Nicholas L. Connors  
Executive Director  
Massachusetts Republican Party

On this 2<sup>nd</sup> day of October, 2009, before me, the undersigned notary public, personally appeared Nicholas L. Connors, proved to me through satisfactory evidence of identification, which were Mass Driver License, to be the person whose name is signed on the preceding or attached document, and who swore and subscribed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.



Matthew R. Sisk

Notary Public

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**Martha Coakley used campaign cash on fed race query**  
**By Hillary Chabot | Wednesday, September 2, 2009**

Attorney General Martha Coakley, the first Democrat to pull nomination papers in a potentially packed race for U.S. Senate, spent \$24,000 from her state campaign account on consultants in the past two months even though she faces no challengers for the 2010 attorney general race.

The spending comes after Coakley faced scrutiny earlier this year for spending \$25,000 out of her state account on a poll asking questions about her potential federal campaign. Coakley said at the time that a portion of the poll was paid for with a legal secret account held to test the waters for a federal race. Candidates for U.S. Senate can only use money collected by their federal campaigns toward federal races, according to elections law.

Alex Zaroulis, head of Coakley's communications for the Senate run, said yesterday she was paid \$2,000 from Coakley's state account because she was originally hired for the attorney general's race.

"There is nothing unusual about starting to prepare for the 2010 election which is only a year away. I'm sure other candidates for statewide office have begun preparing as well," said Zaroulis yesterday in an e-mailed statement when asked about the consultant expenditures. Coakley spent about \$8,000 on consulting fees during the same time period in 2005 before her first run for the attorney general's office.

Other consultants Coakley recently paid out of her state account include \$9,000 to 4C Partners, a Washington D.C. consulting company, and \$4,000 to Factotum, a Westford company headed by Democratic operative Gus Bickford.

Coakley is the first Democratic contender to take out nomination papers in the race for the late U.S. Sen. Edward M. Kennedy's seat as other potential candidates continued to eye Joseph P. Kennedy II.

Sources close to Kennedy said he's promised to decide whether he'll run by Friday.

U.S. Representatives Stephen Lynch and Edward Markey are also considering running, along with former congressman Martin Meehan. Former Lt. Gov. Kerry Healey, state Sen. Scott Brown, and James Rappaport are among the potential Republican candidates.

Former Attorney General Scott Harshbarger, whose name has been floated as a potential candidate, said he will not run for the Senate seat but said he would be "very interested" in serving as an interim senator.

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**Mass. AG maneuvered for year for Kennedy race**

**By Glen Johnson**

**Associated Press**

**September 10, 2009**

**BOSTON --Attorney General Martha Coakley's fast start in the campaign to succeed the late Sen. Edward M. Kennedy was aided by several secret maneuvers and a year's worth of activity charged to her state campaign committee.**

**The maneuvers have allowed the Democrat to cope with a prohibition against using state campaign donations for a federal race, and to get ahead against a field that could include several Massachusetts congressmen -- some of whom already have millions of dollars in their federal accounts.**

**They have also let Coakley try to manage the delicate task of preparing a campaign to succeed Kennedy while not appearing disrespectful or overeager.**

**In February, Coakley told The Associated Press she had created an undisclosed federal bank account to pay a share of a \$25,000 state poll she conducted to gauge her political viability. The federal account, whose existence did not have to be revealed until she became an official candidate, covered poll questions last November that could have pertained to a Senate campaign.**

**This week, in response to follow-up questions sparked by another AP review of her campaign spending reports, the attorney general also revealed an asset sale agreement between her state and federal campaign committees.**

**The agreement allowed Coakley to use her state campaign funds to buy a fundraising database, redesign her Web site, secure 37 variations of "marthacoakley.com" and get \$6,000 worth of yard signs, posters, buttons, lanyards and T-shirts emblazoned with her campaign logo.**

**On Sept. 3, the day Coakley became the first candidate for Kennedy's seat, the state committee sold the items to her new federal committee for \$35,725.**

**The signs and stickers were evident around the hotel ballroom where she made her announcement speech, and some of the 100 4-foot by 8-foot signs she bought ringed a two-block area around a Labor Day breakfast Coakley addressed.**

**There was no such signage for potential rivals such as Reps. Michael Capuano and Edward J. Markey, both of whom also spoke at the breakfast but have yet to declare their candidacies.**

**Federal Election Commission law expressly prohibits a transfer of assets between state and federal campaign committees, but it allows the sale of items between the two, as long as they are fairly valued.**

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Coakley's quick launch has been aided by a campaign manager hired by her state committee on Aug. 17 -- eight days before Kennedy succumbed to brain cancer. And Coakley has received help from a spokeswoman who went on her state committee payroll on Aug. 1, more than three weeks before Kennedy died.

Coakley's team says they were hired to prepare for her re-election campaign next year, but both workers have since moved to her new federal campaign committee.

In 2006, Coakley was unopposed in the Democratic primary for attorney general, and she beat a Republican challenger in the general election by a nearly 3-to-1 margin. Nomination papers for the 2010 race won't be available until February.

"I was hired for the AG's race. It is not appropriate for the AG's office to be commenting on political matters," said the new spokeswoman, Alex Zaroulis.

Referring to the campaign manager, Zaroulis said: "It is not unusual for a state campaign to hire campaign staff months, even a year, in advance to prepare for an election. Kevin Conroy was hired for that purpose."

Meanwhile, Coakley used state campaign money in June and July to pay \$9,000 for fundraising services by a Washington political consulting firm, 4C Partners LLC, and \$716 in August to reimburse the travel expenses of 4C worker Julia Hoffman. Hoffman went on the campaign payroll at about \$4,000 per month last December.

Similarly, Coakley's state committee paid \$12,000 in June and August to the Boston political consulting firm Liberty Square Group. It is headed by Kennedy's former spokesman, Scott Ferson.

Both firms are now fundraising for the Senate campaign.

The Massachusetts Republican Party has filed a complaint with the state Office of Campaign and Political Finance, alleging the expenditures were illegal because they were aimed at a federal candidacy.

During an interview just moments after she declared her candidacy, Coakley called the complaint frivolous.

She said: "I believe, because we vetted this fully, we have been in compliance with what state ethics laws require. ... We will be in compliance with what federal ethics law require."

She said all the activity will be detailed in a spending report due Sept. 30.